

FEMA NFIP Agent Training Program



Participant Guide



FEMA

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FEMA NFIP Agent Training Program

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Getting Started

Welcome!

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FEMA NFIP Agent Training Program

Welcome to the FEMA NFIP Agent Training Program!



Rich SlevinMelanie Graham

We will get started in a few minutes. Meanwhile, let's perform a warm up exercise.

You all have some questions flashed on your screens. Attempt all the questions and click **Submit**.



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Few Reminders



FEMA NFIP Agent Training Program

Few Reminders

1. To listen to the audio portion of this webinar, Dial 1-866-861-7917 and enter the access code.
2. Please **mute** your phones to avoid background noise. Use your phone's mute button or press *6. To **un-mute** press *6 again.
3. Please **do not** place your phone on **hold** (music while on hold will disrupt the web conference)
4. You can ask questions during the webinar using the **Q&A** or **Chat** option. Send to **All Panelists**.



Tips for Participation

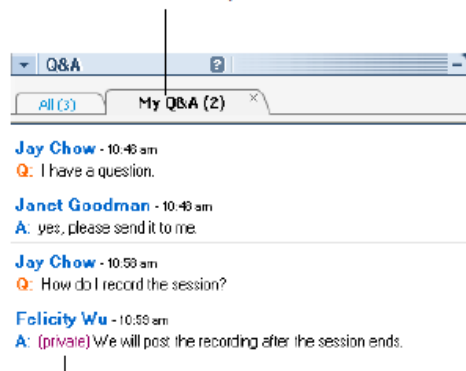


Asking a Question

Use the Q&A option to ask questions and receive answers in a more formal way.



The My Q & A tab displays the questions that you sent and the answers to those questions.



If a panelist answers your question privately, the text *private* appears next to the answer. No attendee can see this private answer, except yourself.

About Question-and-Answer sessions

Question-and-Answer (Q & A) sessions during a training session allow you to ask questions and receive answers using your Q & A panel, in a more formal way than Chat.

Your Q & A panel automatically groups questions and answers into the following two tabs, which make it easy for you to check whether your questions have been answered:

All—all questions and answers in a Q & A session during the training session

My Q & A—the questions you sent and the answers to your questions



Note The host has to turn on the Q & A function in the training session before you can use the Q & A panel.

Providing Feedback

Use the following icons to provide feedback:

	Raise Hands: Click this icon when the instructor asks to show hands or if you have a question.
	Yes icon: Click this icon to indicate 'Yes' in response to a question.
	No icon: Click this icon to indicate 'No' in response to a question.
	Go Slow: Click this icon to indicate to the instructor to slow down his or her pace.
	Go Fast: Click this icon to indicate to the instructor to speed up his or her pace.
	Emoticons: Click this button to use an emoticon to express yourself.
	Responses: Click this icon to view a running tally of responses.
	Clear Feedback: Click this icon to clear all feedback.



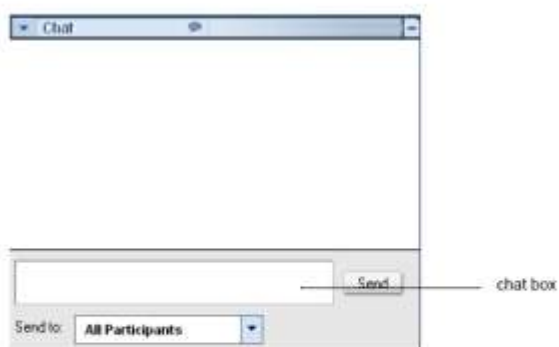
Sending a Chat Message

When the facilitator clicks this section, show the following information and graphics:

Use the chat section to chat with other participants or the instructor.

1 In the Session window, open the Chat panel.

2 Type a message in the chat box.



3 In the Send to drop-down list, select the recipients of the message.

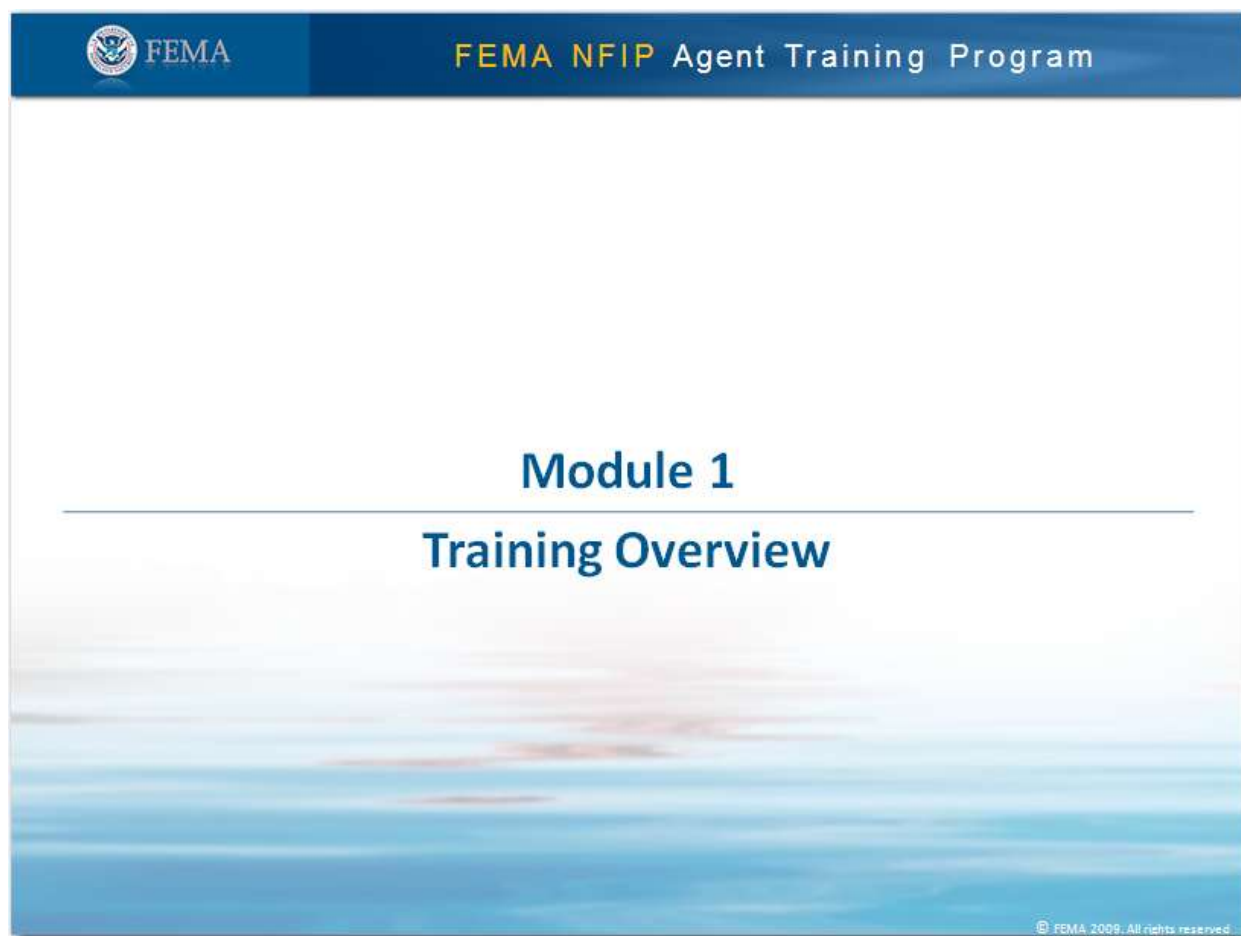
4 Click Send.

The recipients receive the chat message on their Chat panels. The following figure shows an example.





Module 1: Training Overview

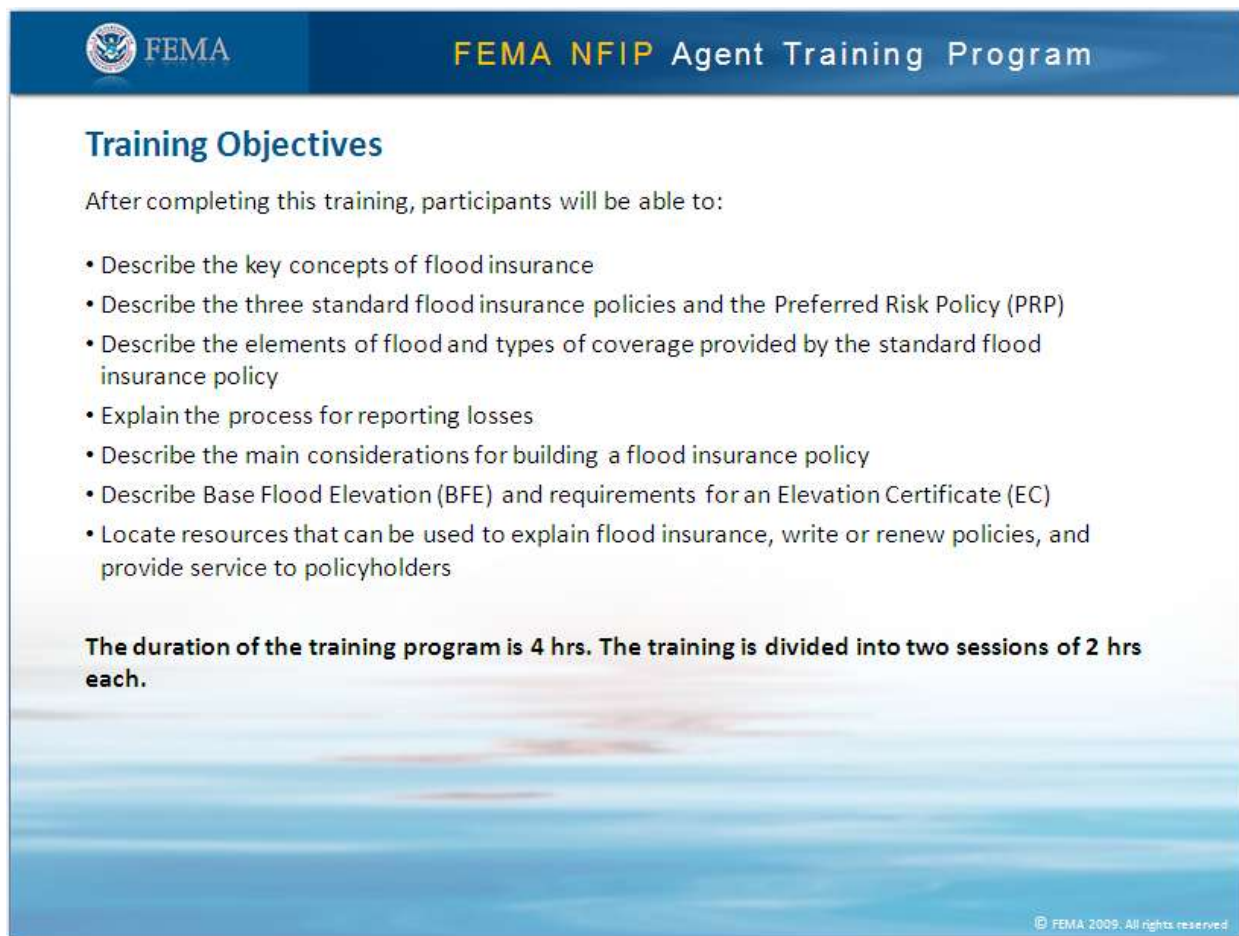



Now that you know about the learning environment, let's get started with our first module.



Training Introduction

Training Objectives

A presentation slide titled "FEMA NFIP Agent Training Program" with a blue header. The slide content includes the FEMA logo, the title "FEMA NFIP Agent Training Program", a section header "Training Objectives", a paragraph stating "After completing this training, participants will be able to:", a bulleted list of eight objectives, a paragraph stating "The duration of the training program is 4 hrs. The training is divided into two sessions of 2 hrs each.", and a copyright notice "© FEMA 2009. All rights reserved." at the bottom right. The background of the slide features a blurred image of a body of water.

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FEMA NFIP Agent Training Program

Training Objectives

After completing this training, participants will be able to:

- Describe the key concepts of flood insurance
- Describe the three standard flood insurance policies and the Preferred Risk Policy (PRP)
- Describe the elements of flood and types of coverage provided by the standard flood insurance policy
- Explain the process for reporting losses
- Describe the main considerations for building a flood insurance policy
- Describe Base Flood Elevation (BFE) and requirements for an Elevation Certificate (EC)
- Locate resources that can be used to explain flood insurance, write or renew policies, and provide service to policyholders

The duration of the training program is 4 hrs. The training is divided into two sessions of 2 hrs each.

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The FEMA NFIP training program provides information about National Flood Insurance Program (NFIP) and various policies associated with it. NFIP aims at reducing the consequences of flooding by providing flood insurance to property owners and communities.



Training Agenda



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FEMA NFIP Agent Training Program

Training Agenda

Session 1

- Getting Started
- Module 1: Training Overview
- Module 2: Flood Insurance Essentials
- Module 3: The Standard Flood Insurance Policy
- Module 4: Coverage

Session 2

- Module 5: Loss Settlement
- Module 6: Building an NFIP Policy
- Module 7: Base Flood Elevation and Elevation Certificates
- Module 8: Resources and Summary
- Module 9: Assessment

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The Least You Need to Know



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The Least You Need to Know

- Every building is in a flood zone.
- You can purchase flood insurance for any zone, not just for high-risk ones.
- You need to purchase coverage separately for a building and for its contents.
- You can file a claim without a federal declaration of disaster.
- The standard flood insurance policy:
 - Doesn't guarantee replacement cost
 - Provides limited coverage for basements
 - Excludes "time-element exposure"



Poll Question: What do you think?

1. I don't keep anything valuable in my garage. Can I insure just my dwelling against flooding?
 - a. Yes
 - b. No
2. After the flood, we could not open our shop for two weeks. Does my flood insurance policy cover our loss of business income?
 - a. Yes
 - b. No
3. I am two miles from the nearest river and thirty miles from the lake. Can I be in a High Risk Flood Zone?
 - a. Yes
 - b. No



Module 2: Flood Insurance Essentials



Let's now learn about flood insurance essentials.



Module Objectives



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Module Objectives

After completing this module, participants will be able to:

- Describe the basics of NFIP
- Differentiate between flood insurance and disaster assistance





Getting Started with Flood Insurance



FEMA NFIP Agent Training Program

Getting Started with Flood Insurance

1. Can you insure against flood everywhere in the country?
2. Is flood insurance ever mandatory?
3. Doesn't "a hundred-year floodplain" mean "floods once in a hundred years?"
4. How do most policyholders purchase flood insurance?



Topic 1: The National Flood Insurance Program

Topic Objectives

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FEMA NFIP Agent Training Program

Topic 1: The National Flood Insurance Program

Topic Objectives

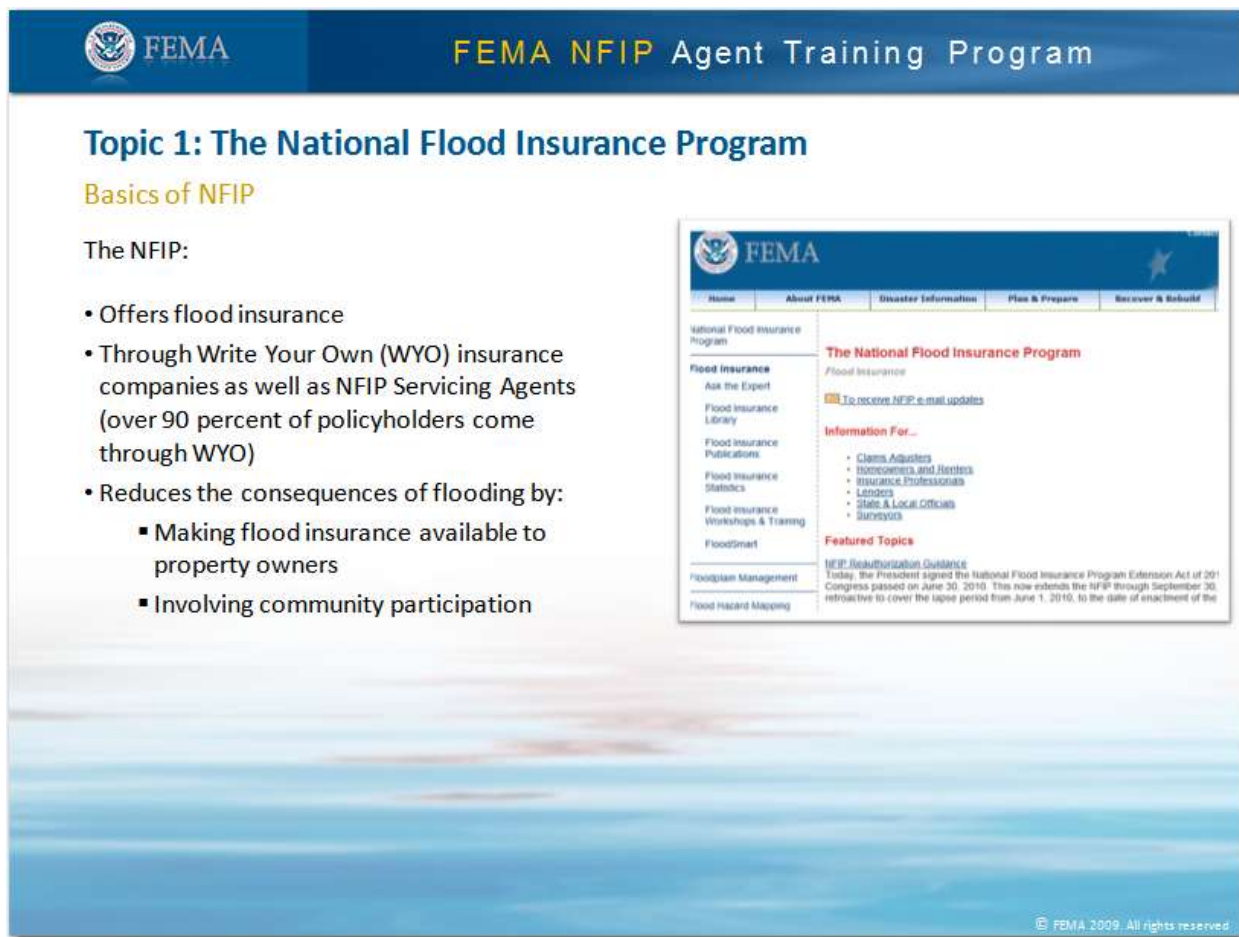
After completing this topic, participants will be able to:

- Identify the basic parts of NFIP
- Understand how the federal government makes flood insurance available to property owners
- Understand how communities participate in NFIP



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Basics of NFIP



Topic 1: The National Flood Insurance Program

Basics of NFIP

The NFIP:

- Offers flood insurance
- Through Write Your Own (WYO) insurance companies as well as NFIP Servicing Agents (over 90 percent of policyholders come through WYO)
- Reduces the consequences of flooding by:
 - Making flood insurance available to property owners
 - Involving community participation

The screenshot shows the FEMA website interface with the following content:

- Navigation Bar:** Home, About FEMA, Disaster Information, Plan & Prepare, Recover & Rebuild
- Left Sidebar:**
 - National Flood Insurance Program
 - Flood Insurance**
 - Ask the Expert
 - Flood Insurance Library
 - Flood Insurance Publications
 - Flood Insurance Statistics
 - Flood Insurance Workshops & Training
 - FloodSmart
 - Floodplain Management
 - Flood Hazard Mapping
- Main Content Area:**
 - The National Flood Insurance Program**
 - Flood Insurance**
 - To receive NFIP e-mail updates
 - Information For...**
 - Claims Adjusters
 - Homeowners and Renters
 - Insurance Professionals
 - Lenders
 - State & Local Officials
 - Surveyors
 - Featured Topics**
 - NFIP Reauthorization Guidance
 - Today, the President signed the National Flood Insurance Program Extension Act of 2010 Congress passed on June 30, 2010. This new extends the NFIP through September 30, retroactive to cover the lapse period from June 1, 2010, to the date of enactment of the

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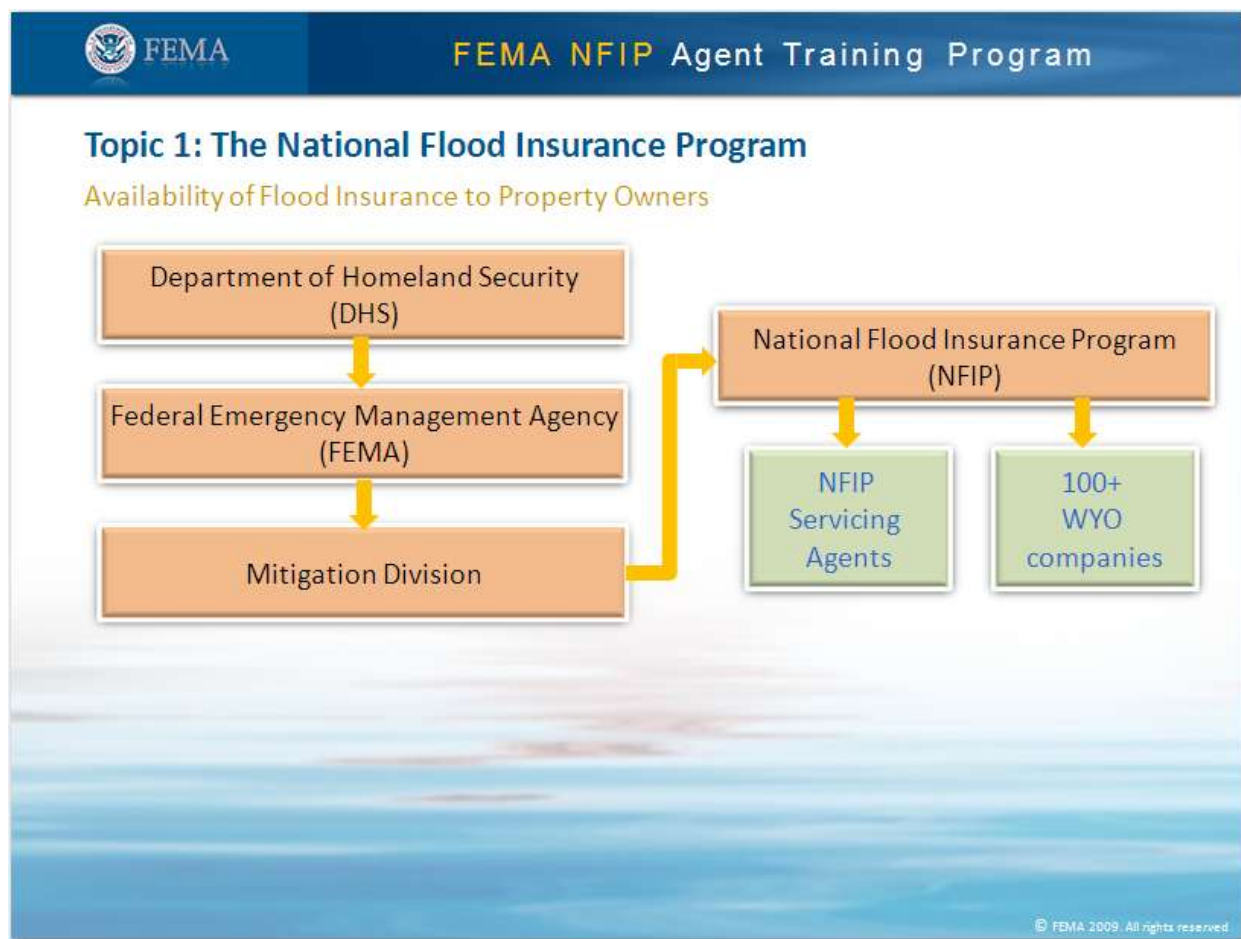
NFIP is a federal program that offers flood insurance both directly and through WYO insurance companies, like the ones that many of the participants are familiar with.

In fact, more than 90 percent of flood insurance policyholders receive their insurance through a WYO company.

The goal of the program is to reduce the consequences of flood. NFIP achieves this in two main ways:

- Making flood insurance available to property owners
- Encouraging communities to establish flood management programs, including ordinances

Availability of Flood Insurance to Property Owners



Here's how the federal government makes flood insurance available to property owners.

The Department of Homeland Security (DHS) includes the Federal Emergency Management Agency (FEMA). Within FEMA, there's a Mitigation Division, which reduces the consequence of various perils, such as hurricanes, earthquakes, and floods.

The government provides flood insurance either directly through NFIP Servicing Agents, or through more than 100 WYO insurance companies.

WYO describes and identifies private insurance carriers who have partnered with FEMA to sell flood insurance by signing an annual arrangement. "The WYO Program operates as part of the NFIP, and is subject to its rules and regulations."

Community Participation

**FEMA NFIP Agent Training Program**

Topic 1: The National Flood Insurance Program
Community Participation

- FEMA agrees to make flood insurance available within a community.
- The community agrees to:
 - Adopt a floodplain management ordinance
 - Enforce regulations in the floodplain management ordinance



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Flood insurance is not automatic. This implies that flood insurance is not available until the local city, town, or county decides to become a participating community. NFIP depends on a partnership. The interested community lets FEMA know that they want to participate by submitting some administrative paperwork. FEMA agrees to make flood insurance available within the community. The community agrees to adopt a floodplain management ordinance to reduce flooding using flood preventative measures. The community also agrees to enforce the regulations in the floodplain management ordinance.



For more information on community participation, visit http://www.fema.gov/plan/prevent/floodplain/nfipkeywords/participation_nfip.shtm.

Community Participation: Ways to Participate



The slide features a blue header with the FEMA logo and the text "FEMA NFIP Agent Training Program". Below the header, the title "Topic 1: The National Flood Insurance Program" is displayed in blue, followed by the subtitle "Community Participation: Ways to Participate" in orange. The main content consists of two side-by-side blue boxes. The left box, titled "Regular Program", lists "Full insurance coverage" and "More detailed flood maps". The right box, titled "Emergency Program", lists "Limited insurance coverage", "Limited flood risk information on maps", and "First step to regular program". The background of the slide is a blurred image of a sunset over water. A small copyright notice "© FEMA 2009. All rights reserved." is in the bottom right corner.

Topic 1: The National Flood Insurance Program

Community Participation: Ways to Participate

Regular Program	Emergency Program
<ul style="list-style-type: none">• Full insurance coverage• More detailed flood maps	<ul style="list-style-type: none">• Limited insurance coverage• Limited flood risk information on maps• First step to regular program

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Most communities participate in NFIP's regular program. This provides full insurance coverage based on risk as shown on detailed flood maps called Flood Insurance Rate Maps (FIRMs).



You can refer to FIRMs at www.msc.fema.gov.

Some communities participate through the emergency program. This provides limited coverage. FIRMs in the emergency program generally do not provide as much risk information as FIRMs in the regular program.

Simply put, more detailed FIRMs show more risk and more coverage is available. While limited knowledge of risk, limits the amount of coverage one can purchase.



In general, emergency program is the first step on the way to participating in the regular program.



Community Participation: Does My Community Participate?

FEMA NFIP Agent Training Program

Topic 1: The National Flood Insurance Program

Community Participation: Does My Community Participate?

Community Status Book (www.fema.gov/fema/csb.shtm)

Federal Emergency Management Agency

Community Status Book Report

KANSAS

Communities Participating in the National Flood Program

CID	Community Name	County	Init FHBM Identified	Init FIRM Identified	Curr Eff Map Date	Reg-Emer Date	Tribal
200544	ONAGA, CITY OF	POTTAWATOMIE COUNTY	08/13/76		08/13/76	05/13/04(E)	No
200252#	OSAGE CITY, CITY OF	OSAGE COUNTY	02/28/75	12/05/09	02/03/10	06/22/10	No
200601#	OSAGE COUNTY *	OSAGE COUNTY	08/09/77	12/05/09	02/03/10	02/03/10	No
200223#	OSAWATOMIE, CITY OF	MIAMI COUNTY	01/23/74	09/19/84	08/19/08	09/19/84	No
200255	OSBORNE, CITY OF	OSBORNE COUNTY	03/15/74		(NSFHA)	08/03/84	No
200151#	OSKALOOSA, CITY OF	JEFFERSON COUNTY	05/24/74	11/04/09	11/04/09(M)	08/03/84	No
200545#	OSWEGO, CITY OF	LABETTE COUNTY	09/19/75	01/02/09	01/02/09(M)	01/02/09	No
200603#	OTTAWA COUNTY *	OTTAWA COUNTY		11/18/09	11/18/09(M)	12/14/09	No
200104#	OTTAWA, CITY OF	FRANKLIN COUNTY	01/09/74	09/19/84	09/19/84	09/19/84	No
200546#	OVERBROOK, CITY OF	OSAGE COUNTY	08/15/75	12/05/09	02/03/10(M)	01/10/08	No
200174#	OVERLAND PARK, CITY OF	JOHNSON COUNTY	01/03/75	09/30/77	08/03/09	09/30/77	No
200445	PALCO, CITY OF	ROOKS COUNTY	07/02/76		(NSFHA)	08/03/84	No

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One of the most useful tools in NFIP is the Community Status Book, available online. It lists the current status for every participating community, state by state.

Let's take an example. On the slide, under which program is City of Onaga, KS? The Reg-Emer Date for the community is 05/13/2004(E). That means City of Onaga joined the program on that date. Here, 'E' indicates Emergency.

The Osage County's Reg-Emer Date is 02/03/2010, and since there is no E, it indicates that this is the date on which they joined the Regular program.




Poll Question

1. Which of the following is NOT a responsibility of NFIP participating communities?
 - a. Adopt Flood Insurance Rate Maps
 - b. Adopt and enforce a floodplain management ordinance
 - c. Identify and notify property owners of their flood risk
2. In which of the following situations is flood insurance available?
 - a. The community participates
 - b. The structure is in a High Risk Flood Zone
 - c. The community has a flood map

Topic 2: Flood Zones and Mapping

Topic Objectives

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Topic 2: Flood Zones and Mapping

Topic Objectives

After completing this topic, participants will be able to:

- Differentiate between flood insurance and disaster assistance
- Define Special Flood Hazard Areas (SFHAs)
- Define Flood Insurance Rate Maps (FIRMs)



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Flood Insurance versus Disaster Assistance

Flood Insurance

- Flood insurance from the NFIP puts you in control. Flood insurance claims are paid even if a disaster is not declared by the President.
- There is no payback requirement.
- The average premium for federally backed flood insurance through the NFIP is \$550 a year.

Disaster Assistance

- Most forms of federal disaster assistance require a Presidential Declaration.
- The most common form of federal disaster assistance is a loan, which must be paid back with interest.
- The duration of a Small Business Administration (SBA) disaster home loan can extend to 30 years.

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Here are differences between flood insurance and disaster assistance.


Flood insurance puts you in control. Unlike federal disaster assistance, you can file a claim against your flood insurance policy even though the disaster is not presidentially declared.

Secondly, with flood insurance, you do not have to pay back your claim proceeds. However, if you receive a disaster assistance loan, you must pay it back with interest.

Finally, flood insurance is paid annually while a disaster loan is paid monthly and can extend up to 30 years.

You should share all this information with your clients so that they can make an informed decision about flood insurance.


Basics of Flood Zones


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Topic 2: Flood Zones and Mapping

Basics of Flood Zones

- The various characteristics of a SFHA are:
 - “100-year floodplain” with 1 percent annual chance of flood
 - A 26 percent chance over a 30-year mortgage
 - High-risk zones comprising A zones and V zones (Coastal)
- The characteristics of a Non-SFHA are:
 - Moderate to minimal risk
 - B and C zones
 - X zones



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SFHAs are the so-called hundred-year floodplains. This means that in a given year, there’s a one percent chance of flooding of the area.

"A one percent chance" doesn’t mean “floods once in a hundred years.”

A one percent chance of flooding per year comes to a 26% chance of flooding over the 30-year life of a home mortgage. This statistic demonstrates an increased risk when compared to the national fire damage statistic of less than 9%.

FEMA considers SFHAs to be high-risk areas. On flood maps, SFHAs include A zones and, in coastal areas, V zones.




Poll Question

1. The whiteboard shows a portion of a FIRM. Zone boundaries are drawn over the local map.

Which of the following areas in the FIRM represents an SFHA?

- a. 1
- b. 2
- c. 3

Flood Insurance Rate Map



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Topic 2: Flood Zones and Mapping

Flood Insurance Rate Map

FIRM is an official flood map showing:

- Hazard areas
- Risk premium zones

It is available online through FEMA's Map Service Center www.msc.fema.gov.



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FIRMs are the official flood maps produced by NFIP. They are available online through FEMA's Map Service Center. Later in the course, you will see that you can produce a small section of a FIRM called a FIRMette—to show one small portion of a flood map. This is a good tool to provide your clients, showing possible flood risks in their immediate areas.



Poll Question: What do you think?

1. Can you insure against flood everywhere in the country?
 - a. Yes
 - b. No
2. Is flood insurance ever mandatory?
 - a. Yes
 - b. No
3. Doesn't "a hundred-year floodplain" means "floods once in a hundred years?"
 - a. Yes
 - b. No
4. How do most policyholders purchase flood insurance?
 - a. Directly from the NFIP
 - b. Through a WYO carrier
 - c. It's about 50-50



Module 3: The Standard Flood Insurance Policy



Now that you have a running start with flood insurance essentials, let's explore some basics about the standard flood insurance policy that NFIP offers.

Module Objectives



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Module Objectives

After completing this topic, participants will be able to:

- Describe the three types of standard flood insurance policy forms
- Explain the 30-day waiting period
- Explain the Preferred Risk Policy (PRP)





Getting Started with Flood Insurance Policies



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Getting Started with Flood Insurance

From an agent's perspective:

1. You are insuring an eight-unit apartment building. What policy form corresponds to this risk?
2. Your client is the landlord of a duplex, but doesn't live there—would the General Property form apply to this risk?
3. Your client owns a townhouse, which is under the bylaws of a condominium. Which policy form would most appropriately correspond to his townhome?





Topic 1: Types of Flood Insurance Policies

Topic Objectives

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Topic 1: Types of Flood Insurance Policies

Topic Objectives

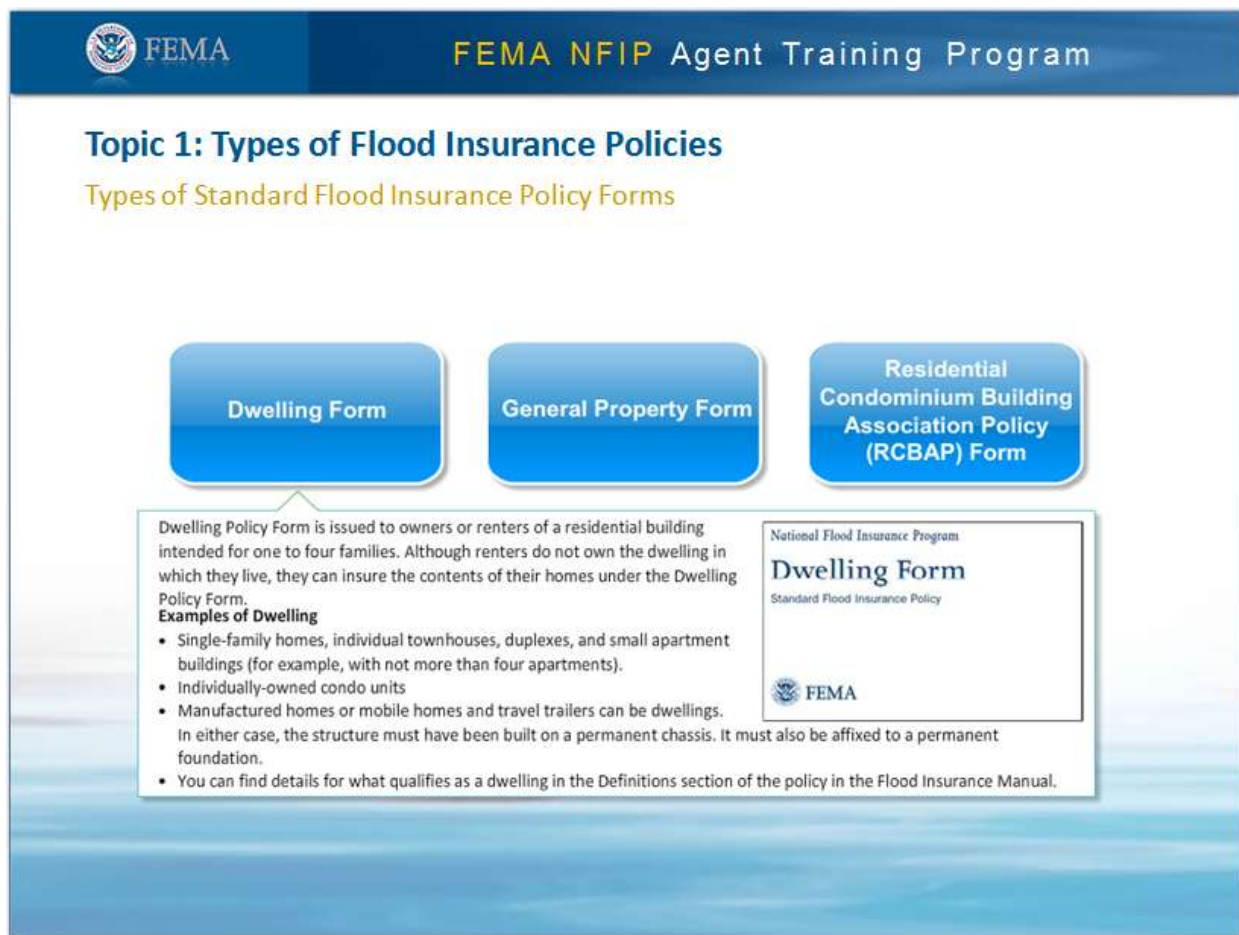
After completing this topic, participants will be able to:

- Describe the three types of standard flood insurance policy forms

A photograph of a woman with blonde hair wearing a light-colored blazer and a man with dark hair wearing a blue shirt and tie, sitting at a wooden desk. They are both looking at a document on the desk. A laptop is also visible on the desk.

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Types of Standard Flood Insurance Policy Forms



Topic 1: Types of Flood Insurance Policies
Types of Standard Flood Insurance Policy Forms

Dwelling Form **General Property Form** **Residential Condominium Building Association Policy (RCBAP) Form**

Dwelling Policy Form is issued to owners or renters of a residential building intended for one to four families. Although renters do not own the dwelling in which they live, they can insure the contents of their homes under the Dwelling Policy Form.

Examples of Dwelling

- Single-family homes, individual townhouses, duplexes, and small apartment buildings (for example, with not more than four apartments).
- Individually-owned condo units
- Manufactured homes or mobile homes and travel trailers can be dwellings. In either case, the structure must have been built on a permanent chassis. It must also be affixed to a permanent foundation.
- You can find details for what qualifies as a dwelling in the Definitions section of the policy in the Flood Insurance Manual.

National Flood Insurance Program
Dwelling Form
Standard Flood Insurance Policy
FEMA

NFIP has a standard flood insurance policy. The policy has three main forms based on the type of structure being insured. Knowing the purpose of the structure helps you know which form of the policy applies to the structure.

Dwelling Policy Form

Dwelling Policy Form is issued to owners or renters of a residential building intended for one to four families. Although renters do not own the dwelling in which they live, they can insure the contents of their homes under the Dwelling Policy Form.

Examples of Dwelling



- Single-family homes, individual townhouses, duplexes, and small apartment buildings (for example, with not more than four apartments).
- Individually-owned condo units
- Manufactured homes or mobile homes and travel trailers can be dwellings. In either case, the structure must have been built on a permanent chassis. It must also be affixed to a permanent foundation.
- You can find details for what qualifies as a dwelling in the Definitions section of the policy in the Flood Insurance Manual.

General Property Policy Form

If a building is insurable but does not qualify as a dwelling, you would most likely use the General Property form. This form covers residential buildings that accommodate more than four families.

Examples of Buildings

- Apartment buildings with five or more units
- All eligible non-residential buildings, such as stores, offices, and similar commercial buildings, as well as structures, such as schools and churches

Residential Condominium Building Association Policy (RCBAP) Form

RCBAP Form is issued for property owned by condominium associations.

Examples of Property Owned by Condominium Associations

- A separate association office
- A shared facility, such as a community center
- Residential condominium building, including the units within the building



You can obtain a copy of the NFIP Flood Insurance Manual from: <http://www.fema.gov/business/nfip/manual.shtm>. This is a large document and can be bookmarked for reference.



Poll Question

1. Which of the following is a NOT a characteristic of a condominium association?
 - a. Corporate entity responsible for the management and operation of a condominium.
 - b. Membership is made up of the condominium unit owners
 - c. Condominium Association is also referred to as Homeowner's Association (HOA)



Exercise

The screenshot shows a web-based training exercise interface. At the top, there is a blue header bar with the FEMA logo on the left and the text "FEMA NFIP Agent Training Program" in the center. Below the header, the word "Exercise" is displayed in a blue font. The main area contains three vertical poles: a pink pole labeled "Dwelling Form", a yellow pole labeled "General Property Form", and a blue pole labeled "RCBAP Form". To the right of these poles is a list of five units, each with a red ring icon and a label: "U1 Duplex Family Residence", "U2 School", "U3 Dentist Office", "U4 Residential Condominium High Rise", and "U5 Individual Condo Unit". At the bottom of the interface, there is a mouse cursor icon and the instruction "Drag the rings provided alongside each unit and drop on the respective pole." Below this instruction are two buttons: "RESET" and "SUBMIT".

Now let us perform an exercise. Drag the rings provided alongside each unit and drop on the respective pole.



Topic 2: Waiting Period

Topic Objectives

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Topic 2: Waiting Period


Topic Objectives

After completing this topic, participants will be able to explain the 30-day waiting period along with its exceptions.



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Flood Insurance Waiting Period (30 days)

**FEMA NFIP Agent Training Program**

Topic 2: Waiting Period

Flood Insurance Waiting Period (30 days)

- New and modified flood insurance policies go into effect 30 days after taking the policy.
- Exceptions are provided for:
 - Insurance required for a loan.
 - Insurance purchased within 13 months of a map revision.
 - Renewals seeking increased coverage.
- It is advisable to get it before you need it.



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Generally, flood insurance has a 30-day waiting period. There are exceptions when someone needs to have flood insurance to qualify for a loan. In addition, if the local flood map changes, policies renewed within a year of that change are exempted from the 30-day waiting period.

The same is true for a policy renewal that also seeks to increase the coverage on a property. The bottom line is: “Get flood insurance before you need to get it.”



Topic 3: Preferred Risk Policy (PRP)

Topic Objectives

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Topic 3: Preferred Risk Policy (PRP)

Topic Objectives

After completing this topic, participants will be able to explain the Preferred Risk Policy (PRP).

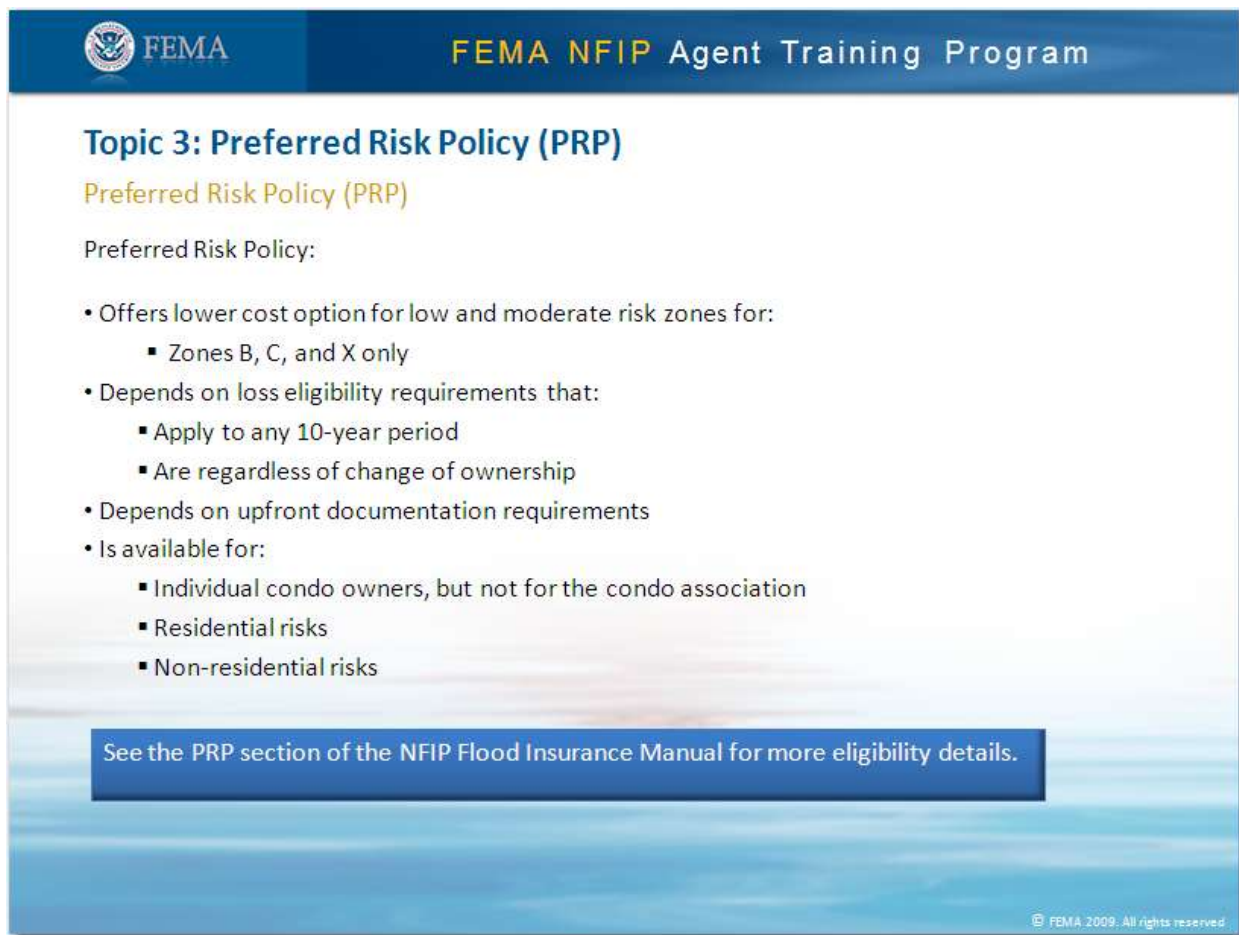
**U.S. DEPARTMENT OF HOMELAND SECURITY
FEDERAL EMERGENCY MANAGEMENT AGENCY**
National Flood Insurance Program
FLOOD INSURANCE PREFERRED RISK POLICY APPLICATION
IMPORTANT - PLEASE PRINT OR TYPE

O.M.B. No. 1660-0006 Expires August 31, 2012
☐ NEW
☐ RENEWAL
CURRENT POLICY NUMBER _____
IF NEW, LEAVE BLANK

POLICY TERMS DIRECT BILL INSTRUCTIONS <input type="checkbox"/> BILL INSURED <input type="checkbox"/> BILL FIRST MORTGAGEE <input type="checkbox"/> BILL SECOND MORTGAGEE <input type="checkbox"/> BILL LOSS PAYEE <input type="checkbox"/> BILL OTHER	POLICY PERIOD IS FROM _____ TO _____ WAITING PERIOD: <input type="checkbox"/> STANDARD 30-DAY <input type="checkbox"/> LOAN TRANSACTION - NO WAITING <small>1201 AM LOCAL TIME AT THE INSURED PROPERTY LOCATION</small>
AGENT INFORMATION NAME, ADDRESS, TELEPHONE NO., AND FAX NO. OF LICENSED PROPERTY OR CASUALTY INSURANCE AGENT OR BROKER _____ _____ _____ PHONE NO.: _____ FAX NO.: _____ AGENCY NO.: _____ AGENT'S TAX ID: _____	INSURED'S MAILING ADDRESS NAME, TELEPHONE NUMBER, AND MAILING ADDRESS OF INSURED: _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ IF SECOND MORTGAGEE, LOSS PAYEE, OR OTHERS TO BE BILLED, THE FOLLOWING MUST BE COMPLETED, INCLUDING THE NAME, TELEPHONE NO., FAX NO., AND _____
IS INSURANCE REQUIRED FOR DISASTER ASSISTANCE? <input type="checkbox"/> YES <input type="checkbox"/> NO	

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Preferred Risk Policy (PRP)



The slide features a blue header with the FEMA logo and the text "FEMA NFIP Agent Training Program". Below the header, the title "Topic 3: Preferred Risk Policy (PRP)" is displayed in blue. The subtitle "Preferred Risk Policy (PRP)" is in yellow. The main content area is white with a light blue background image of a beach and ocean. It lists the details of the PRP in a bulleted format. A blue callout box at the bottom contains the text "See the PRP section of the NFIP Flood Insurance Manual for more eligibility details." The footer of the slide includes the FEMA logo and the text "© FEMA 2009. All rights reserved."

Topic 3: Preferred Risk Policy (PRP)

Preferred Risk Policy (PRP)

Preferred Risk Policy:

- Offers lower cost option for low and moderate risk zones for:
 - Zones B, C, and X only
- Depends on loss eligibility requirements that:
 - Apply to any 10-year period
 - Are regardless of change of ownership
- Depends on upfront documentation requirements
- Is available for:
 - Individual condo owners, but not for the condo association
 - Residential risks
 - Non-residential risks

See the PRP section of the NFIP Flood Insurance Manual for more eligibility details.

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The Preferred Risk Policy offers low-cost coverage in low and moderate risk flood zones (Zones B, C, and X) in the NFIP regular program.

Eligibility for the PRP depends on the flood zone, the type of building, and loss history. As the PRP section of the Flood Insurance Manual explains, there are limits on how many losses the building can have in the past. For example, if there have been two flood claim payments of at least \$1,000 within a 10 year period, the building is **not** eligible for the PRP.

The Flood Insurance Manual also describes documentation required to show eligibility. For example, this could be a copy of the most recent flood map marked to show the location and flood zone of the building.

Agents who write insurance through a WYO company should contact the same for guidance in writing a PRP.



Note that the PRP is available for eligible owners of individual condominium units, but not for the condo association.



Poll Question

1. Which of the following statements is true about PRP availability?
 - a. PRP is available for eligible owners of individual condominium units, but not for the condo association.
 - b. PRP is available for buildings that have had multiple flood losses in the past.



Poll Question: What do you think?

1. You are insuring an eight-unit apartment building. What policy form corresponds to this risk?
 - a. Dwelling Policy Form
 - b. General Property Policy Form
 - c. RCBAP Form
2. Your client is the landlord of a duplex, but doesn't live there – would the General Property form apply to this risk?
 - a. Yes
 - b. No
3. Your client owns a townhouse, which is under the bylaws of a condominium. Which policy form would most appropriately correspond to his townhome?
 - a. Dwelling Policy Form
 - b. General Property Policy Form
 - c. RCBAP Form



Module 4: Coverage

A presentation slide for 'Module 4: Coverage'. The slide has a blue header bar with the FEMA logo and the text 'FEMA NFIP Agent Training Program'. The main content area is white with a blue horizontal line. Below the line, the text 'Module 4' and 'Coverage' are displayed in blue. The background of the slide is a blurred image of a sunset over water. In the bottom right corner, there is a small copyright notice: '© FEMA 2009. All rights reserved.'

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Module 4
Coverage

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Module Objectives



FEMA NFIP Agent Training Program

Module Objectives

After completing this module, participants will be able to:

- Describe flood from NFIP viewpoint
- Explain the four types of coverage
- Identify the 'property not covered' and exclusions in NFIP





Getting Started with Coverage

A presentation slide titled "Getting Started with Coverage" from the FEMA NFIP Agent Training Program. The slide has a blue header with the FEMA logo and the program name. The main content area is white with a list of four questions. The bottom of the slide features a blurred background image of a sunset over water. A copyright notice is in the bottom right corner.

Getting Started with Coverage

1. My home sits on 10 acres. Recently, my home was damaged by sudden and heavy rains, which covered 1 acre. Is this a covered loss?
2. If I'm a renter, can I purchase flood insurance?
3. I'm insuring my home. Do I need a separate policy for the detached garage if I've converted it to a bedroom apartment?
4. I'm building a new real estate office. Can I insure it while it's under construction?

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Here are some examples of questions that clients ask about coverage. Think about these questions.

Topic 1: NFIP's Definition of a Flood

Topic Objectives

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Topic 1: NFIP's Definition of a Flood


Topic Objectives

After completing this topic, you will be able to describe some important elements of flood from NFIP's viewpoint.



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Definition of Flood



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Topic 1: NFIP's Definition of a Flood

Definition of Flood

NFIP's definition of flood has the following elements:

- A general condition
- A temporary condition
- Partial or complete inundation, such as:
 - Overflow of inland or tidal waters
 - Unusual and rapid accumulation or runoff of surface waters from any source
- Accidental or unplanned condition




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As per the NFIP, flood is defined as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties from the overflow of inland or tidal waters or from the unusual and rapid accumulation or runoff of surface waters from any source.

The NFIP definition of a flood has four main elements:

- It is a **general** condition. Specifically, it involves two or more acres, or two or more properties, of normally dry land area.
- It is a **temporary** condition. An area that is ordinarily covered by water (partly, or completely) is not flooded.
- It is a partial or complete **inundation**.
- Its occurrence is accidental.

Definition of Flood: Mudflow

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Topic 1: NFIP's Definition of a Flood

Definition of Flood: Mudflow

Flood includes mudflow, which:

- Refers to a river of liquid or flowing mud on normally dry land



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The NFIP definition of flood includes mudslide or mudflow, which refers to a river of liquid or flowing mud on normally dry land.

In some circumstances, the mudflow could have entered a property and then stopped moving, so it is more like a pond than a flowing stream. In either situation, if the flow of liquid or mud meets the other criteria, it would be a flood.

Definition of Flood: Erosion

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Topic 1: NFIP's Definition of a Flood

Definition of Flood: Erosion

Flood-related erosion:

- Is the collapse or subsidence of land
- Is caused by waves or currents exceeding cyclical levels
- Results in flooding (general and temporary inundation)



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Another type of flooding covered by the standard policy is the collapse or subsidence of land along the shore of a body of water.

This collapse may be the result of erosion or other activity caused by waves or currents of water that are greater than their normal, cyclical behavior.

If this collapse results in a general, temporary, accidental inundation, it would constitute flooding under the policy.




Poll Question

1. Which of the pictures shown on the whiteboard is a correct representation of flood as per NFIP?
 - a. Image A
 - b. Image B
 - c. Both

Topic 2: Types of Coverage

Topic Objectives

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Topic 2: Types of Coverage

Topic Objectives

After completing this topic, you will be able to:

- Describe the four types of coverage available in the standard policy
- Identify the NFIP Coverage Limits



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Types of Coverage


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Topic 2: Types of Coverage

Types of Coverage

The four types of coverage available in the NFIP policy are:

- **Coverage A:** Building Property
- **Coverage B:** Personal Property
- **Coverage C:** Other Coverage
- **Coverage D:** Increased Cost of Compliance i.e. repair/rebuild after a flood




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Here is an overview of the four types of coverage available in the standard policy.

- **Coverage A** covers the building property, which includes certain elements that are considered to be part of the building, rather than personal property of the building's owner.
- **Coverage B** deals with personal property.
- **Coverage C** involves other costs related to flooding, such as the cost of loss-avoidance measures. For example, sandbags as well as the cost of debris removal.
- **Coverage D** involves the insurer's costs after a flood when he is required to bring the property into compliance with local flood ordinances.

Coverage A: What is a Building?


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Topic 2: Types of Coverage


Coverage A: What is a Building?

Buildings should:


- Have at least two rigid exterior walls and a roof
- Be principally above ground level

Buildings may include:

- Manufactured (mobile) home or travel trailer, which must:
 - Be on a chassis, fixed to a permanent foundation



Travel trailers that are "road-ready" (having wheels) are not insurable by the NFIP.



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Here's FEMA's definition: two walls and a roof.

As per FEMA's definition, a building is a structure with at least two walls and a roof.

The definition in the policy is slightly more specific, but that's the idea.


A building, for insurance purposes, can also be a manufactured home, a mobile home, or a travel trailer. However, these structures need to be on a chassis and fixed to a permanent foundation.

If a travel trailer has wheels, it is not insurable according to the "building" definition. On the other hand, if a manufactured home contains wheels and is lifted and supported by other foundation elements, it is insured.



Refer to the General Rules Section of the Flood Insurance Manual for a detailed list of insurable buildings and ineligible buildings.

Coverage A: Buildings under Construction



FEMA NFIP Agent Training Program

Topic 2: Types of Coverage

Coverage A: Buildings under Construction

Coverage A for buildings under construction:

- Applies prior to “two rigid exterior walls and a roof”
 - Offers coverage while work is in progress, or up to 90 days after work is halted
 - Building deductible is doubled
 - Offers no coverage if lowest floor is below Base Flood Elevation (BFE)
- Covers materials and supplies
 - Stored in the building
 - Stored on adjacent property



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Even a structure that is under construction can be a building.

“Under construction” means:

- The structure does not yet have rigid exterior walls and a roof
- Construction work is in progress, or has been halted for not more than 90 days

There are more details to this, especially in high-risk areas. See the Property Covered section of the policy.

Coverage A: Additions and Extensions



**FEMA NFIP** Agent Training Program

Topic 2: Types of Coverage

Coverage A: Additions and Extensions

“Building” includes additions and extensions in contact with the structure, which comprise:

- Rigid exterior wall
- Solid, load-bearing interior wall
- Stairway
- Elevated walkway
- Roof



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The definition of a building includes certain additions and extensions.

Some of the examples of additions and extensions are:

- Rigid exterior wall
- Solid, load-bearing interior wall
- Stairway
- Elevated walkway
- Roof

Coverage A: Appurtenant Structures (Garages)


FEMA NFIP Agent Training Program

Topic 2: Types of Coverage

Coverage A: Appurtenant Structures (Garages)

Some conditions associated with garages are:

- 10% of building coverage can be applied only to detached garages under the Dwelling Form
- Not additional coverage; taken from limit for building
- Dwelling policy only
 - Not General Property policy
 - Not RCBAP policy (condo associations)
- No coverage if detached garage is used for residential, business, or farming purposes



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This is an example of the difference between the Dwelling Form and the General Property or RCBAP Forms. Appurtenant structures are not covered under the General Property or RCBAP forms.

The Dwelling Form allows the policyholder to apply 10 percent of Coverage A to a detached garage or carport. In other types of insurance, commonly, appurtenant structures coverage adds additional coverage to existing limits. However, in the NFIP policy, the 10 percent is within the coverage limits and not in addition.

For example: If the amount under Coverage A is \$150,000 and the actual claim for damage to the house is \$90,000, the owner could apply as much as \$15,000 toward damage to the garage.



No coverage is provided if detached garage is used for residential, business, or farming purposes.



Coverage A: Other Forms of Building

Topic 2: Types of Coverage

Coverage A: Other Forms of Building

- Awnings, canopies
- Blinds
- Built-in dishwashers
- Carpet permanently installed over unfinished flooring
- Central A/C
- Elevator equipment
- Fire sprinkler systems
- Furnaces, radiators
- Garbage disposals
- Light fixtures

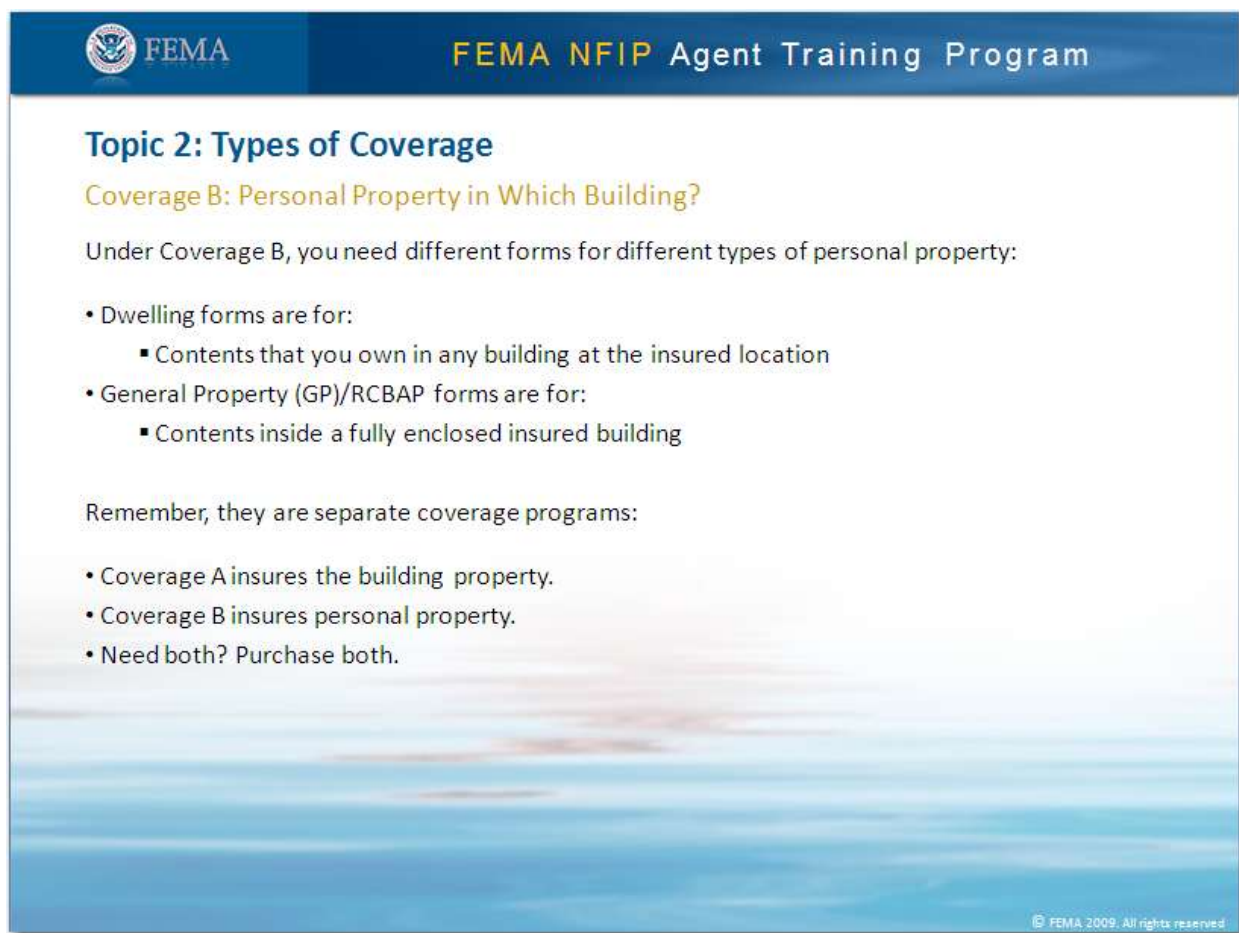
- Outdoor antennas & aerials fastened to buildings
- Permanently installed cupboards, bookcases, cabinets, paneling and wallpaper
- Plumbing fixtures
- Pumps, machinery
- Ranges, cooking stoves/ovens
- Refrigerators, walk-in freezers
- Wall mirrors (perm. inst.)
- Water heaters (incl. solar)

Examples of "building property," not personal property.
See policy for details.

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Here are examples of various types of building property under Coverage A.

Coverage B: Personal Property in Which Building?



The slide is titled "Topic 2: Types of Coverage" and "Coverage B: Personal Property in Which Building?". It explains that under Coverage B, different forms are needed for different types of personal property. It lists two categories: Dwelling forms for contents owned in any building at the insured location, and General Property (GP)/RCBAP forms for contents inside a fully enclosed insured building. It also notes that these are separate coverage programs and provides a summary: Coverage A insures the building property, Coverage B insures personal property, and both should be purchased if needed. The slide includes the FEMA logo and the text "FEMA 2009. All rights reserved."

Topic 2: Types of Coverage

Coverage B: Personal Property in Which Building?

Under Coverage B, you need different forms for different types of personal property:

- Dwelling forms are for:
 - Contents that you own in any building at the insured location
- General Property (GP)/RCBAP forms are for:
 - Contents inside a fully enclosed insured building

Remember, they are separate coverage programs:

- Coverage A insures the building property.
- Coverage B insures personal property.
- Need both? Purchase both.

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There is a key difference between the Dwelling Forms and the GP/RCBAP Forms.

For a dwelling, “personal property” includes your personal property in any building at the insured location. For other buildings, “personal property” means the contents of an insured, fully enclosed building.

One point that can cause confusion for policyholders and even some agents is that A and B are separate coverage programs. You can insure only the building (with Coverage A), only the personal property inside the building (with Coverage B), or you can purchase both types of coverage.



Coverage B: Examples of Personal Property

Topic 2: Types of Coverage

Coverage B: Examples of Personal Property


- Air conditioners (portable or window)
- Carpets over finished flooring
- Also, if not installed permanently over unfinished flooring
- Clothes' washers and dryers
- Cook-out grills
- Freezers (not walk-in); food in any freezer
- Portable microwave ovens, dishwashers

These are examples.
Please see the policy for complete details.

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Here are examples of the various types of personal property in a dwelling. These are things you might not consider “personal,” but the policy does.

Coverage B: Even if You're on the Fourth Floor



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Topic 2: Types of Coverage

Coverage B: Even if You're on the Fourth Floor

Remember, you can experience flood damage even if you are on the fourth floor!

- RCABP covers property owned by the condo association, which includes:
 - Common areas, association offices
- Dwelling policy covers the individual unit you own because:
 - Damage to common property can affect your individual property

No, I found the remote—but where's the TV?



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Not all flood damage comes from water entering your home. You can experience flood damage even if you are on the fourth floor.

The RCABP Form covers property owned by the condo association.

The Dwelling Form covers the individual unit you own. For example, erosion from flooding can affect the foundation of a building in a condo where that foundation is common property. But the weakened foundation causes damage to your personal property in your individual unit.



General Property Form: Household or Non-Household?

**FEMA NFIP Agent Training Program**

Topic 2: Types of Coverage
General Property Form: Household or Non-Household?

If Household Personal Property:	If Other than Household:
Typical household personal property	Furniture and fixtures
Property belonging to you or to a family member	Machinery and equipment
At your option, property belonging to a guest or servant	Stock (raw material, supplies, finished goods, etc.)
Also: property you may be liable for	Other property you own and use in your business

Under the General Property Form, Coverage B covers either household personal property or non-household personal property—but not both.

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Under the General Property Form, if you choose Coverage B, it will be either for **household** personal property or **non-household** personal property, but not for both.

For example, either you will insure “household” personal property usual to living quarters or “other than household” personal property, such as furniture and fixtures, machinery and equipment, stock, etc.

Discussion



FEMA NFIP Agent Training Program


Discussion

What insurance options will you provide to the following clients?

- a. I own two buildings with four apartments in each, connected by a stairway. What are my options for flood insurance?
- b. We have a vehicle maintenance building at the back of the town hall. Doesn't the coverage for the furniture in the town hall also include equipment and tools in the garage? That's how it works for my own house with its detached garage.
- c. Wait, I live in a condo! Does that RCBAP-whatever policy cover my stuff? I'm not really worried about the equipment in the condo association office.



Basement Coverage: What's a Basement?


FEMA NFIP Agent Training Program

Topic 2: Types of Coverage

Basement Coverage: What's a Basement?

According to the NFIP policy, a basement:

- Refers to any area with its floor below ground level on all sides
- Includes sunken rooms or rooms with sunken area



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Let us take a look at how the NFIP policy defines a basement.

Basement is defined as any area in a building with its floor below ground level on all sides. A sunken family room or a sunken portion of one would qualify as a basement if the floor were below grade on all sides.



Coverage A (Building Property) in Basements

Topic 2: Types of Coverage

Coverage A (Building Property) in Basements

- Central air conditioners
- Unfinished drywall (walls, ceilings)
- Electrical outlets, switches; circuit breaker boxes
- Elevators and related equipment
- Footings, foundations, posts, etc., required to support building
- Fuel tanks and fuel in them
- Furnaces, water heaters, heat pumps
- Non-flammable insulation
- Sump pumps
- Stairways and staircases (attached to building)
- Water filters and faucets (installed as integral part of plumbing system)
- Well water tanks and pumps
- Required utility connections for items on this list
- Clean-up

Examples of covered building property in basements... Please see the policy for complete details.

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Homeowners sometimes believe that nothing in a basement is insured. This slide shows some of the items that are included under Coverage A (building property) in a basement.

Coverage B (Personal Property) in Basements



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Topic 2: Types of Coverage

Coverage B (Personal Property) in Basements

Other personal property items in basements that can be covered under Coverage B are:

- Portable or window air conditioning units
- Clothes' washers and dryers
- Food freezers (other than walk-in) and food in freezer

Equipment must be in a functioning location and connected to a power source.



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When it comes to personal property in a basement, coverage is limited to:

- Portable or window air conditioning units
- Clothes' washers and dryers
- Food freezers (other than walk-in) and food in freezer


It is important to emphasize this to policyholders so they are aware of their limitations in the event of a flood loss.



Poll Question

1. Which one of the pictures shown on the whiteboard represents a basement?
 - a. Image A
 - b. Image B
2. Which of the following items in a basement can be insured under Coverage A or B? (Select one.)
 - a. Furniture
 - b. Precious metals, and valuable papers
 - c. Well water tanks and pumps

Coverage C: Other Properties


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Topic 2: Types of Coverage

Coverage C: Other Properties

Some property items that come under Coverage C are:

- Removal of debris, which includes:
 - Non-owned debris in insured property
 - Owned debris from anywhere
 - Value of your labor for removal (at minimum wage)
- Loss avoidance measures for:
 - Sandbags, supplies, labor (up to \$1,000)
 - Moving property to safety (up to \$1,000)
- Condominium loss assessment:
 - Assessed to your unit by condo association
 - Up to the liability limit of Coverage A



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You now know that Coverage A is for building property, and Coverage B is for personal property. Coverage C is for “other properties.”

- One item under Coverage C is the cost to remove debris from your property. This could be debris that you do not own—mud, tree limbs, or other people’s property that has ended up on your property. In addition, you are covered for the cost of removing debris that you own, whether it is on your property or somewhere else. You can be reimbursed for work done by you or by a member of your household at minimum wage rates.
- Coverage C also covers “loss avoidance.” This refers to things done before a flood to prevent loss. Sandbags, plastic sheeting, and so on are obvious ways to protect the building from flood or imminent danger of flood. Coverage C also covers the cost of moving property to safety.



The policy contains details related to this. For example, there must be actual flooding near the location, or else a legal evacuation order must be in effect for the sandbagging/supply/labor coverage to apply.

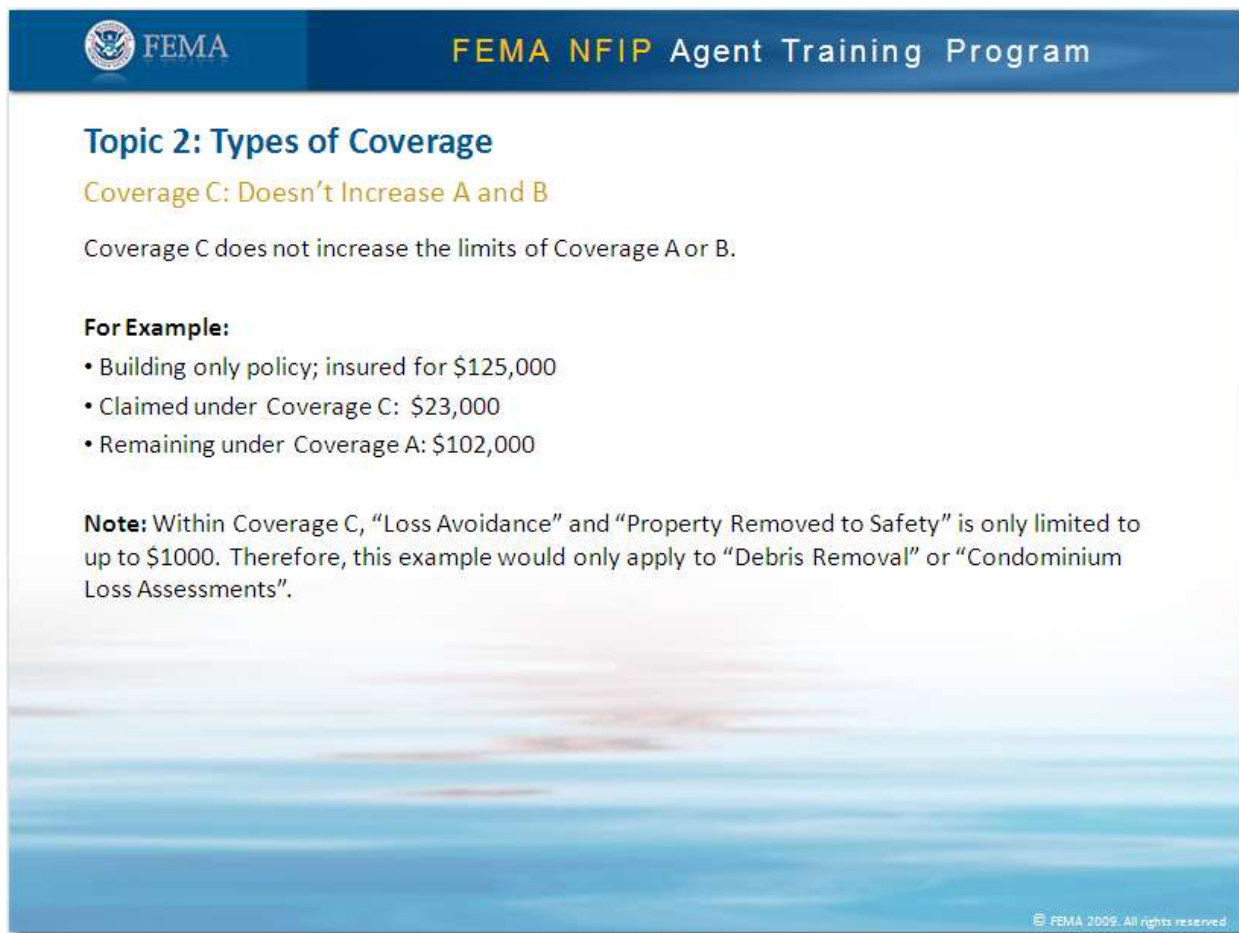
- For owners of condo units, Coverage C will pay their share of assessments by the condo association as a direct result of flooding. This coverage is conditional and should be reviewed when this benefit can be paid. For example, NFIP will not pay if the claim results from a deductible of the RCBAP, or uninsured losses resulting from a co-insurance penalty.



Condo unit owners can be assessed for uninsured or underinsured damages according to the bylaws of a condominium association.

This last item has a number of conditions. For instance, the loss must result from flood damage to the building's common elements (as we saw in the earlier photo). The condo association must also have adequate insurance on the affected building.

Coverage C: Doesn't Increase A and B



The slide features a blue header with the FEMA logo on the left and the text "FEMA NFIP Agent Training Program" on the right. Below the header, the title "Topic 2: Types of Coverage" is displayed in blue. The main heading "Coverage C: Doesn't Increase A and B" is in orange. The body text explains that Coverage C does not increase the limits of Coverage A or B. An example is provided with bullet points: a building-only policy insured for \$125,000, a claim of \$23,000 under Coverage C, and a remaining limit of \$102,000 under Coverage A. A note specifies that within Coverage C, "Loss Avoidance" and "Property Removed to Safety" are limited to \$1,000, so the example applies to "Debris Removal" or "Condominium Loss Assessments". The slide background shows a blurred image of a sunset over water. A small copyright notice "© FEMA 2009. All rights reserved." is in the bottom right corner.

Topic 2: Types of Coverage

Coverage C: Doesn't Increase A and B

Coverage C does not increase the limits of Coverage A or B.

For Example:

- Building only policy; insured for \$125,000
- Claimed under Coverage C: \$23,000
- Remaining under Coverage A: \$102,000


Note: Within Coverage C, "Loss Avoidance" and "Property Removed to Safety" is only limited to up to \$1000. Therefore, this example would only apply to "Debris Removal" or "Condominium Loss Assessments".

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It is important to understand that Coverage C does not increase the liability limit of either Coverage A or Coverage B.

Coverage C is basically a way to specifically apply some of the amount under Coverage A or Coverage B.

Coverage D: Increased Cost of Compliance



FEMA NFIP Agent Training Program

Topic 2: Types of Coverage

Coverage D: Increased Cost of Compliance

The conditions associated with Coverage D are:

- Post-flood cost to comply with flood management ordinances related to:
 - Elevation, relocation, demolition
 - Floodproofing (non-residences; residences with acceptable basements)
- Requires substantial damage or repetitive loss of:
 - At least 50% of market value, or
 - Loss in 2 floods in last 10 years
- Up to \$30,000; no separate deductible
- Building must also have Coverage A



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The final item is Coverage D, Increased Cost of Compliance. This coverage applies only after a flood.

It covers your cost to comply with state or local floodplain management ordinances.

In certain areas, if your building suffers sufficient damage, your repairs must comply with those ordinances, even if prior to the flood the building was not required to meet them. For example, because the standards of building have changed either due to the structure having been built prior to the community's participation in the NFIP or due to recent flood map changes.

The building can qualify for Coverage D if the cost of the repairs is 50 percent or more of the market value of the building just prior to the flood.



Or, if the building has suffered flood damage twice during the past 10 years, this is considered as a “repetitive loss structure.” In this case, the policy spells out several conditions:

- The building must have flood insurance.
- The cost to repair the damage in the past must have, on an average, exceeded 25 percent of the market value at the time of each loss.
- NFIP must have paid the previous qualifying claim.
- The state or community must have laws or ordinances that cover structures with substantial or repetitive damage.



Coverage D has a limit of \$30,000. You **must** have Coverage A in order to receive Coverage D.



NFIP Coverage Limits

FEMA NFIP Agent Training Program		
Topic 2: Types of Coverage		
NFIP Coverage Limits		
	Emergency Program	Regular Program
Single Family		
Building	\$35,000	\$250,000
Contents	\$10,000	\$100,000
Other Residential		
Building	\$100,000	\$250,000
Non-Residential		
Building	\$100,000	\$500,000
Contents	\$100,000	\$500,000

This is a summary of the maximum coverage amounts for both the emergency program and the regular program. These amounts reflect maximum limits of coverage that can be sold on a building according to its usage/occupancy.



Poll Question

1. Which of the following items can be covered by the NFIP policies in case of flood?
 - a. The desk and computer in my basement office
 - b. The all-terrain vehicle we keep in the backyard
 - c. The stamp collection Grandpa left me
 - d. The propane barbecue on the patio
 - e. The pavers that used to be the patio



Exercise

**FEMA NFIP Agent Training Program**

Exercise

Drag the items on the left and drop them at the correct places in the puzzle.



Building Property

Personal Property

Other Coverage

Increased Cost of Compliance

SUBMIT

RESET

Now let us perform an exercise. Drag the items on the left and drop them at the correct places in the puzzle.



Topic 3: Property Not Covered and Exclusions

Topic Objectives

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Topic 3: Property Not Covered and Exclusions

Topic Objectives

After completing this topic, you will be able to identify the items and hazards not covered by NFIP policies, including Exclusions.



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Examples of Property Not Covered by NFIP Policies

**FEMA NFIP** Agent Training Program

Topic 3: Property Not Covered and Exclusions

Examples of Property Not Covered by NFIP Policies

- Personal property outside the fully enclosed building
- Property in, on or over water
- Walks, decks & driveways
- Land, trees, shrubs
- Fences, seawalls, piers, docks
- Self-propelled vehicles, recreational vehicles
- Livestock
- Crops
- Accounts, bills, coins, currency, other valuable papers
- Underground structures, equipment (e.g., septic systems)
- Storage for gases, liquids
- Pools and equipment; hot tubs (except as bathroom fixtures)



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Here are some items that appear in the “Property Not Covered” section of the standard policy.

Exclusions

**FEMA NFIP** Agent Training Program

Topic 3: Property Not Covered and Exclusions

Exclusions

The standard NFIP policy does not provide coverage for:

- Loss of revenue or profits
- Loss of access or use
- Loss from interruption of business
- Additional living expenses



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The standard NFIP policy is a single-peril policy that covers direct physical loss by or from flood. This means that the policy does not cover things, such as a loss of revenue or profits, even if these are a result of flooding because these are not direct physical losses.



Loss of revenue or profits is an indirect consequence of flooding. They do not fall into the definition of being directly physically damaged by or from flood.

Similarly, if a person or a business loses access to property because of the flood, any cost resulting from that loss of access is specifically excluded from coverage.

Likewise, no coverage is provided for interruption of your business or for additional living expenses you incur as a result of flood.

Examples of Exclusions



Topic 3: Property Not Covered and Exclusions

Examples of Exclusions

Policy does not cover:	Other excluded losses:
<ul style="list-style-type: none">• Sewer backup/seepage• Overflow from sump pump• Seepage or leaks• Pressure or weight of water	<ul style="list-style-type: none">• Movement of earth (landslide, earthquake)• Gradual erosion• Mold or mildew

Exception to the above:
A flood in the area is the proximate cause of damage.

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Here are other examples of exclusions. Flood insurance **does not** cover items, such as sewer backup or seepage, or damage, which results from the pressure or the weight of water.

Flood insurance excludes earth movement that is not caused by flooding. For example, earthquakes and landslides are excluded.

As you see, the policy does provide for certain exceptions when these things are a direct result of flooding in the area. For example, if a flood in the immediate area is the cause of the sewer backup, that loss would be covered.

If flood water flows down your street and presses against the wall of your house, causing damage from its pressure, that damage would be covered under the NFIP policy.



Poll Question: What do you think?

1. My home sits on 10 acres. Recently, my home was damaged by sudden and heavy rains which covered 1 acre. Is this a covered loss?
 - a. Yes
 - b. No
2. If I'm a renter, can I purchase flood insurance?
 - a. Yes
 - b. No
3. I'm insuring my home. Do I need a separate policy for the detached garage if I've converted it to a bedroom apartment?
 - a. Yes
 - b. No
4. I'm building a new real estate office. Can I insure it while it's under construction?
 - a. Yes
 - b. No